

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

YOUFIT HEALTH CLUBS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 20-12841 (MFW)

(Jointly Administered)

Re: Docket Nos. 17 & 528

**DECLARATION OF KAM MIRAMADI OF MACKINAC PARTNERS REGARDING
ADEQUATE ASSURANCE OF FUTURE PERFORMANCE AND IN SUPPORT OF THE
SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS**

Pursuant to 28 U.S.C. § 1746, I, Kam Miramadi, declare as follows:

1. I am an individual over the age of eighteen. I make this declaration to the best of my own personal knowledge, information, and belief. If called to testify as to the truth of the matters stated herein, I could and would do so competently.
2. I am a managing director at Mackinac Partners LLC, financial advisor to YF FC Acquisition LLC (the “Buyer”), the stalking horse bidder and proposed purchaser of substantially all of the Debtors’ assets. Mackinac Partners LLC is a nationally recognized turnaround, restructuring, and advisory firm serving companies and their stakeholders across a wide spectrum of industries and sizes. Personally, I have more than 27 years of financial advisory, restructuring, turnaround, and performance improvement experience. I have served in numerous senior roles representing key stakeholders, including debtors, banks, lenders, private

¹ The last four digits of YouFit Health Clubs, LLC’s tax identification number are 6607. Due to the large number of debtor entities in these chapter 11 cases, for which joint administration has been requested, a complete list of the debtor entities and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the proposed claims and noticing agent at www.donlinrecano.com/yfhc. The mailing address for the debtor entities for purposes of these chapter 11 cases is: 1350 E. Newport Center Dr., Suite 110, Deerfield Beach, FL 33442.

equity, creditor committees, and purchasers across a variety of industries, including sports and recreation.

3. I submit this declaration in support of the *Debtors' Motion for Entry of Orders* (*I*)(A) *Establishing Bidding Procedures Relating to the Sale of the Debtors' Assets*, (*B*) *Approving the Debtors' Entry into the Stalking Horse Purchase Agreement*, (*C*) *Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases*, (*D*) *Approving Form and Manner of Notices Relating Thereto*, and (*E*) *Scheduling a Hearing to Consider the Proposed Sale*; (*II*) (*A*) *Approving the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests*, and (*B*) *Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases*; and (*III*) *Granting Related Relief* [Docket No. 17] (the "Sale Motion"),² and specifically to provide adequate assurance of future performance as to the assets that the Buyer seeks to acquire as part of the Sale.

4. On or about December 4, 2020, the Buyer made available information to demonstrate adequate performance of future performance (the "Adequate Assurance Package"). The Adequate Assurance Package included, among other things: (a) the name of the Buyer, (b) the proposed corporate structure chart, (c) a commitment to provide a working capital facility to fund operations (the "Working Capital Facility"), and (d) a closing date balance sheet and analysis of the Buyer's liquidity position and the Working Capital Facility through December 2021.³ The Adequate Assurance Package is attached hereto as **Exhibit A**.

² Capitalized terms used but not defined herein shall have the meanings ascribed in the Sale Motion.

5. The Prepetition Lenders will be the equity holders of the Buyer, and the Buyer will own 100% of the equity interests in YF FC Operations, LLC (“Opc”), which will own 100% of the equity interests in ten (10) subsidiaries who will hold the Leases to be assumed and assigned to the Buyer. An updated corporate structure chart, listing the subsidiaries that will hold the Leases, is attached hereto as **Exhibit B.**

6. The Buyer has the financial ability to close on the proposed purchase of the Acquired Assets as set forth in the Stalking Horse Purchase Agreement, and to provide the requisite “adequate assurance of future performance” to parties whose executory contracts and unexpired leases will be assumed by the Debtors and assigned to the Buyer as of the Closing Date. Pursuant to the Stalking Horse Purchase Agreement, the Buyer is acquiring substantially all of the assets of the Debtors by a credit bid.

7. The Prepetition Lenders have also committed to invest in the Buyer and Opc through the Working Capital Facility. The Working Capital Facility will be available for use, among other things, to: (a) finance the acquisition, (b) satisfy Assumed Liabilities, including Cure Costs, (c) fund the costs and expenses related to the transaction, (d) finance the ongoing working capital and other general corporate purposes after consummation of the Sale should operating revenues warrant, and (e) invest in capital expenditures to improve the purchased facilities. The foregoing capital infusion, along with cash generated from ongoing operations, provides the Buyer with the financial wherewithal to satisfy the Assumed Liabilities and any other obligations that may arise in the ordinary course of business and is more than sufficient adequate assurance of the Buyer’s performance in respect of any Assumed Contracts.

8. Finally, the Buyer intends to operate the businesses and properties as fitness centers in substantially the same manner as they were operated prior to the Sale. While the

Buyer, Opco, and the related subsidiaries are newly-created entities, the Prepetition Lenders are well capitalized and sophisticated investors with substantial experience across numerous industries. Importantly, the Buyer intends on retaining the services of Brian Vahaly, the former chief financial officer of [solidcore], and Frank Napolitano, a business development leader with over thirty years' experience in the gym and fitness space, along with employees of the Debtors who will be hired to supplement their own expertise and to ensure a seamless transition. Accordingly, the Buyer is well positioned to operate the business on a go-forward basis.

9. Based on the foregoing, I believe that the Buyer has provided adequate assurance of future performance with respect to the Assumed Liabilities.

Executed: December 22, 2020

/s/ Kam Miramadi

Kam Miramadi
Managing Director
Mackinac Partners, LLC

EXHIBIT A

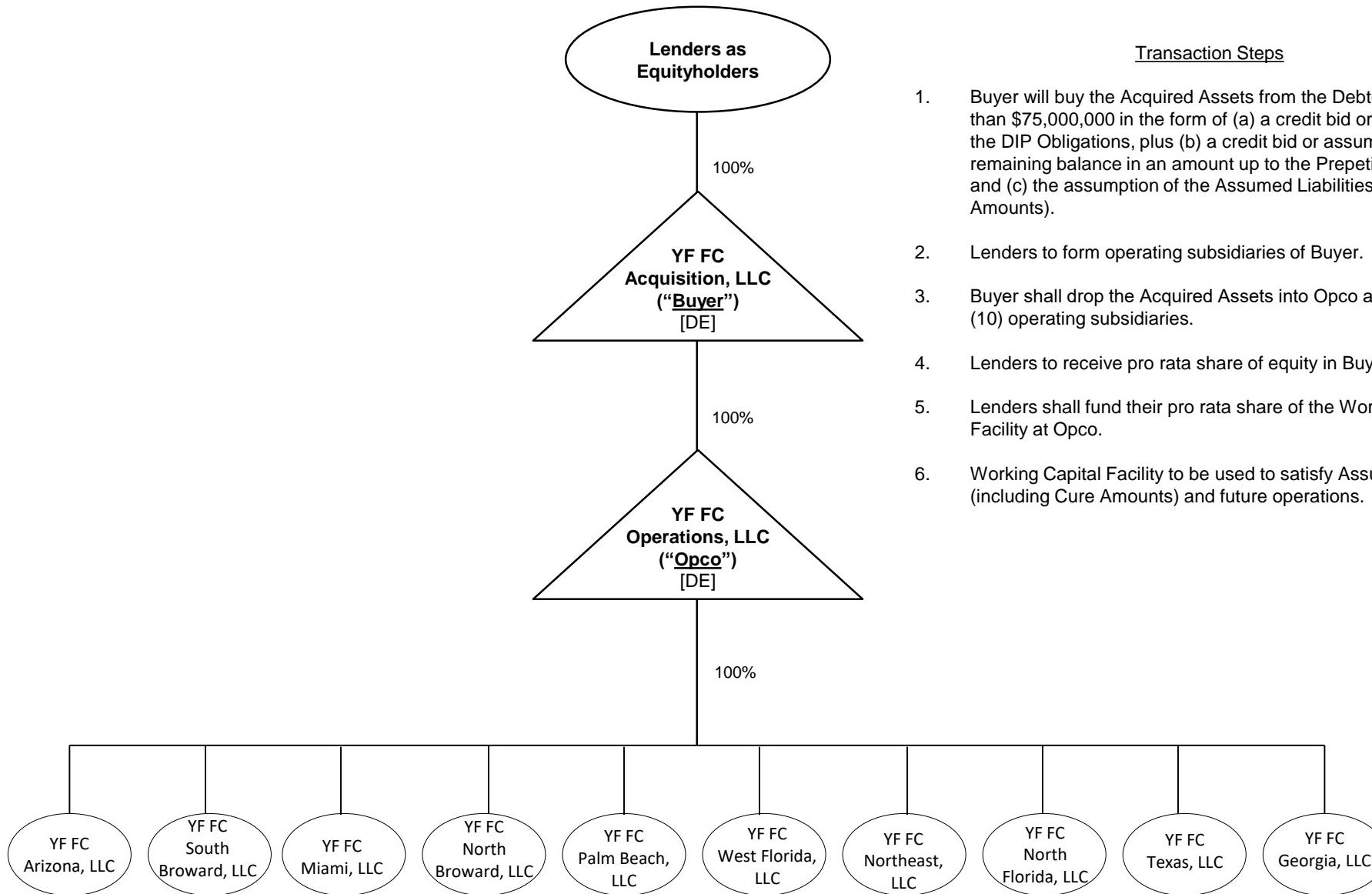
Adequate Assurance Package

(FILED UNDER SEAL)

EXHIBIT B

Corporate Structure Chart

Post-Sale YF FC Structure Chart¹



¹ Capitalized terms used but not otherwise defined herein shall have the meanings given in the APA or the Working Capital Facility Commitment Letter, as applicable.